

Message Text

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42

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 XMB-04 COME-00 SP-02 L-03 CIAE-00

INR-07 NSAE-00 TRSE-00 /030 W
----- 092592

R 171145Z JUL 75

FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 121

UNCLAS KHARTOUM 1675

DEPT PASS TO: EXIM, COMMERCE (OFFICE OF EXPORT DEVELOPMENT)

E.O. 11652: N/A

TAGS: BTIO, SU

SUBJECT: MAJOR PROJECT: COTTON TEXTILE MILLS LTD.

REF: KHARTOUM A-59, 6/11/75, B. KHARTOUM 2706, 12/4/7

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1. EMBASSY WAS APPROACHED JULY 16 BY MAMOUN ALI OSMAN, MEMBER OF BOARD OF COTTON TEXTILE MILK LTDY(CTM), WHO SAID HE HAD BEEN YHTIS COLLEAGUES TO INQUIRE WHETHER EXIM BANK WOULD BE PREPARED PUT UP MAXIMUM OF \$8 MILLION (PERHAPS ONLY \$5 MILLION) IN LOANS AND/OR GUARANTEES TO ROUND OUT FINANCING FOR WHAT CTM HOPED WOULD BE A PRIMARILY US-.EQUIPPED MILL. (AS WASHINGTON AGENCIES WILL RECALL, THIS IS IFC-BACKED \$28 MILLION, 12-MILLION METER P.A. INTEGRATED COTTON SPINNING/WEAVING/FINISH-ING PROJECT CITED IN BOTH REFS AS EXCELLENT OPPORTUNITY FOR US INDUSTRY.)

2. OSMAN DESCRIBED TENTATIVE FINANCING PACKAGE UE FOLLOWS (\$ MILLION):

EQUITY:

7.84 SUDANESE INVESTORS (IN LS)

1.145 BIBOJEE (PAKISTAN TECHNICAL PARTNER)

1.145 IFC

.5 GERMAN DEVELOPMENT CORP (DEG)

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10.6 TOTAL

LOANS:

8.6 IFC (9 PERCENT INTEREST)

2.1 DEG (DM 5 MILLION)

6.7 OTHER LOANS

17.4 TOTAL

OSMAN SAID CTM HAD \$4.8 MILLION LOAN OFFER FROM "EUROPEAN SOURCE" BUT MONEY TIED TO EXPENSIVE EQUIPMENT THEY DID NOT WANT. HE FORESAW GOING TO TENDER BUT THOUGHT PRELIMINARY CONTACT WITH AMATEX SHOWED US EQUIPMENT MOST LIKELY GET NOD, IF FINANCING PROBLEM SOLUBLE. HE POINTED OUT EXIM EXPOSURE WOULD BE LIMITED TO PORTION, PERHAPS LESS THAN 20 PERCENT, OF TOTAL PLANT COST (OR 25-40 PERCENT OF TOTAL FOREIGN EXCHANGE COST). HE ASKED IF EMBASSY COULD GET PRELIMINARY REACTION FROM EXIM BANK.

3. ACTION REQUESTED AND COMMENT: SUGGEST EXIM AND USDOC COLLABORATE IN CONTACTING IFC (MR. ALIZAI) TO ASSESS WHETHER PROJECT MERTIS EXIM SUPPORT. PLEASE ADVISE EMBASSY. ALSO URGE USDOC NOTIFY AMATEX, AND OTHER US EQUIPMENT SUPPLIERS THAT CTM NOW ACTIVELY SHOPPING AND THAT FINAL CHOICE OF EQUIPMENT WILL DEPEND SUBSTANTIALLY ON FINANCING OFFERED. CORRESPONDENCE SHOULD BE DIRECTED TO MOHAMED AHMED GASIM, CTM CHAIRMAN, P.O. BOX 203, KHARTOUM NORTH, CABLE ONSWECO. BELIEVE, AS RED SEA SPINNING (EXIM PROJECT) SHOWED, PRIVATE US BANKS MIGHT BE INDUCED TO PARTICIPATE IN FINANCING EVEN WITHOUT EXIM, ALTHOUGH THIS WOULD NOT BE EASY TO ARRANGE (CTM ALREADY IN TOUCH WITH FIRST CHICAGO, BEIRUT OFFICE). CTM'S SUDANESE BACKERS (GROUP OF 20 TEXTILE MERCHANTS) ARE MEN OF CONSIDERABLE MEANS, AND LOCAL GUARANTEES CAN POSSIBLY BE ARRANGED WHICH WOULD LIMIT LENDERS' ESSENTIAL RISK TO ONE OF LS CONVERTIBILITY.
BREWER

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NNN

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